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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 09/22/06

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ARTICLES:

- (1) Poll on LDP President Abe, political parties

ASAHI (Page 2) (Full)
September 22, 2006

Questions & Answers

(Figures shown in percentage, rounded off. Parentheses denote the results of a survey conducted Sept. 8-9.)

Q: Which political party do you support now?

Liberal Democratic Party (LDP) 38 (40)
Democratic Party of Japan (DPJ or Minshuto) 14 (14)
New Komeito (NK) 3 (3)
Japanese Communist Party (JCP) 2 (1)
Social Democratic Party (SDP or Shaminto) 1 (2)
People's New Party (PNP or Kokumin Shinto) 0 (0)
New Party Nippon (NPN or Shinto Nippon) 0 (0)
Liberal League (LL or Jiyu Rengo) 0 (0)
Other political parties 0 (1)
None 35 (36)
No answer (N/A) + don't know (D/K) 7 (3)

Q: Mr. Abe has now become the LDP's new president. Do you think it's good?

Yes 57
No 22

Q: Do you feel an affinity with Mr. Abe?

Yes 59
No 31

Q: Do you think Mr. Abe has strong leadership?

Yes 29
No 53

Q: Do you think Mr. Abe has appropriately accounted for his political beliefs and ideas?

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Yes 38
No 42

Q: Do you think the LDP will change for the better with Mr. Abe as the LDP's new president? (One choice only)

Change for the better 17
Change for the worse 3
No change 70

Q: In last year's general election, the LDP ousted its lawmakers who opposed the privatization of postal services. Now, the LDP may take them back. Do you think it's acceptable?

Yes 43
No 42

Q: Mr. Ozawa has been reelected to head the DPJ. Do you have expectations for him?

Yes 43
No 44

Q: Who do you think is appropriate for prime minister, Mr. Abe of the LDP or Mr. Ozawa of the DPJ?

Abe 57
Ozawa 22

Q: Would you like the current LDP-led coalition government to stay on, or would you otherwise like it to be replaced with a DPJ-led coalition?

LDP-led coalition 43 (44)
DPJ-led coalition 25 (34)

Polling methodology: The survey was conducted Sept. 20-21 across the nation over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Valid answers were obtained from 1,062 persons (59 percent).

(2) Net polling on LDP presidential election

MAINICHI (Page 2) (Full)
September 22, 2006

Questions & Answers
(Figures shown in percentage, rounded off.)

Q: Chief Cabinet Secretary Abe won the ruling Liberal Democratic Party's presidential election and he will now become prime minister. Do you support him?

Yes 65
No 35

Q: What do you think is the primary reason for Mr. Abe's victory?

His policies were appreciated
9

He was thought to be the best choice for the LDP to win next summer's election for the House of Councillors

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41
LDP lawmakers crowded around him in expectation of posts
21
There was no other appropriate person
30

Q: What is best about Mr. Abe?

Experience 3
Decisiveness 6
International sensibility 5
Popularity with the people 33
Flexibility 4
Ability to implement policy 2
Foresight 1
Ability to coordinate 4
Personal character 16
Morality 2
Leadership 2
Youthfulness 24

Q: What is lacking about Mr. Abe?

Experience 28
Decisiveness 12
International sensibility 7
Popularity with the people 1
Flexibility 6
Ability to implement policy 15
Foresight 4
Ability to coordinate 5
Personal character 1
Morality 5
Leadership 14
Youthfulness 2

Q: What do you want Mr. Abe to prioritize when he comes into office as prime minister?

Constitutional revision 6
Educational reform 6
Fiscal reconstruction 20
Social security reform 20
Economic recovery 20
Social divide rectification 13
Asia diplomacy turnaround 14

Polling methodology: MACROMILL, Inc., a research firm, sampled a total of 1,500 persons, aged 20 and over, at random from among its monitors registered as LDP presidential election monitors. The survey is conducted on the Internet, with the aim of obtaining answers from 800 persons each time. The latest fourth poll was

conducted Sept. 20-21, and answers were obtained from 824 persons.

(3) New LDP President Abe likes sweets; His wife enjoys alcoholic beverages

ASAHI (Page 35) (Full)
September 21, 2006

Shinzo Abe, the new president of the Liberal Democratic Party (LDP), and his wife Akie, 44, got married in June 1987. They got to know each other through a friend when Abe was working as a secretary to

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his father, Shintaro Abe, who served as foreign minister. They have no child, but they have a dog named Roy.

Akie graduated from the University of the Sacred Heart in Shirogane, Tokyo. She is a strong drinker, while her husband likes sweets very much. She easily goes out drinking with her husband's supporters. Perhaps realizing that she is similar to singer/songwriter Anri, Akie often sings her song "While Listening to Olivia " at karaoke bars.

Akie worked as a disc jockey who went by the name of "Akki" at an FM radio station in Shimonoseki City from 1998 to 2002. Her program reportedly invited natives of Yamaguchi Prefecture who were active in Tokyo as guests. Since Akie did not use her real name, Abe's supporters in the city were unaware.

In a meeting of the wives of LDP Diet members, Akie was quickest to raise her hand, saying, "Yes," to a question about whether the people present would still marry their husband if they had to do it over again.

She showed up at a rally for Abe in August in their home constituency having cut short her trademark long hair. One of the participants took this as an expression of her determination to become the "First Lady."

(4) Abe has ties with key business leaders

ASAHI (Page 9) (Full)
September 21, 2006

The Shiki no Kai (Four Seasons Association) is a representative group supporting new Liberal Democratic Party President Abe. The group holds a meeting each season since several years ago.

Abe is 52 years old, and most of its members are elderly, with their average age being 10 years older than Abe's. The group is featured by the lineup of chief executive officers (CEO) at heavy, traditional key companies. In contrast, Prime Minister Koizumi used as his brain CEOs at such new companies as Orix chairman Yoshihiko Miyauchi and Secom COE Makoto Iida.

Members of Shiki no Kai

-- Members since the group was inaugurated

Mitsubishi Heavy Industry (Chairman Takashi Nishioka)
Central Japan Railway Co. (Chairman Noriyuki Kasai)
Nippon Steel Corporation (Chairman Akio Mitamura)
Tokyo Electric Power Co. (President Tsunehisa Katsumata)
Toyota Motor Corporation (Chairman Fujio Cho)
Japan Airlines Co. (Chairman Toshiyuki Shinmachi)

-- Members who joined afterward

Tokyo Marine and Fire Insurance Co.
(President Kunio Ishihara)
Nomura Holdings (Chairman Junichi Ujiie)
Sumitomo Corporation (President Motoyuki Oka)
Toshiba Corporation (Chairman Tadashi Okamura)
Bank of Mitsubishi-Tokyo UFJ Bank
(President Nobuo Kuroyanagi)
Mitsubishi Corporation (President Yorihiro Kojima)
Fuji Photo Film Co. (President Shigetaka Komori)

Mizuho Corporation Bank (President Hiroshi Saito)
West Japan Railway Co. (Advisor Shojiro Nanya)
Shikishima Baking Co. (Advisor Kazuaki Morita)
Dai-ichi Mutual Life Insurance Co.
(Chairman Tomijiro Morita)
Yamasa Corporation (President Michio Hamaguchi)
NTT Communications (Advisor Suzuki)
Transcutaneous Technologies
(Chairman Hironori Aihara - former Mitsubishi Corporation vice president)

(5) Baton of reform handed off to Abe administration (Part 1):
Enemies in Kasumigaseki

NIHON KEIZAI (Page 1) (Slightly abridged)
September 22, 2006

Members of a council of advisers on reducing the size of the government, chaired by Secom Supreme Advisor Makoto Iida, met at the Prime Minister's Official Residence on the morning of Sept. 20. Although a number of members were absent from the meeting, the participants discussed the extent of progress in the reform of government-affiliated financial institutions, the last feature of Prime Minister Koizumi's reform initiative. In reports submitted by government agencies, "under study" was stamped on most of the listed reform plans. It is now clear that bills related to these plans have no chance of being submitted to the extraordinary Diet session, scheduled to open on Sept. 26.

Officials in the Kasumigaseki government office area are still trying to obstruct restructuring plans.

Shinzo Abe won the Liberal Democratic Party presidential election by a wide margin, but once he gives an impression of being affected by bureaucrats, he will find it difficult to keep his popularity ratings high.

In an effort to prevent such a situation, Abe yesterday sent faxes to government agencies detailing a plan to invite applications from bureaucrats who wish to work for the Kantei and are eager to push ahead with reform, even opposing their own government offices. But closely looking at the conditions of entry in detail, we find some loopholes hidden in them.

The conditions include these phrases: "The recruited officers will be in charge of devising policies for specific tasks under the instruction of the prime minister"; "Bureaucrats equivalent to senior planning officers or department directors are eligible to apply in principle"; and "They will not return to their former workplaces while the Abe administration remains in power." This represents Abe's determination to deny the conventional appointment-rotation system among government agencies, but it does not say: "They should join the special assignment office after leaving their workplaces permanently."

The Koizumi administration invited experts from the private sector, like Minister of Internal Affairs and Communications (MIC) Heizo Takenaka, as the engine for its reform drive. Will it be enough only with bureaucrats in the role of reform engine? The answer to this question can be detected from the welcome mood in Kasumigaseki regarding the recruitment system. MIC Vice Minister Takatoshi Matsuda said: "(Recruiting personnel) is significant. We would like to farm out able personnel in a positive manner."

Health, Labor and Welfare Vice Minister Tetsuo Tsuji also said: "We will be grateful if the Kantei uses our employees."

The Finance Ministry, the Foreign Ministry, the Ministry of Economy, Trade and Industry (METI), and the National Police Agency provide their personnel as secretaries to the prime minister as a

traditional practice. Under the Koizumi administration, a special task team composed of division-director-level officials from the MIC; the Health, Labor and Welfare (MHLW); the Agriculture, Forestry and Fisheries Ministry; the Land, Infrastructure and Transport Ministry; and the Defense Agency was assigned to the Kantei and participated in policymaking.

Regardless of ostensible reasons, government agencies are actually of the opinion that they must not miss such a golden opportunity to establish a beachhead in the core of the government. A senior MIC official issued this instruction in the ministry: "Send more than three officers." There are ministries that have started selecting personnel under the lead of the personnel section.

Out of fear that there might be no response, the Kantei has unofficially asked each government agency to send at least one application.

In the LDP presidential election, the number of votes for Abe was smaller than that anticipated by his camp. In a bid for the LDP to win next year's House of Councillors election, Abe says that he would not hesitate to replace party-endorsed candidates whose performance is poor. His relations with Mikio Aoki, the head of the LDP caucus in the House of Councillors who is eager to protect the authority of the Upper House executive, have already become fragile.

Such discord stems from Abe's demonstration that he is a "fighter" willing to take on sacred cows that not even Prime Minister Koizumi dared oppose. This is a similar approach to the one taken by Koizumi. He deemed the postal rebels "forces of resistance" in an attempt to highlight his unyieldingness.

The key lies in directing bureaucrats' attention from their ministry interests to national interests and not making reform just a theater-type game. The baton of reform has been handed off to the Abe administration.

(6) Viewpoint on Abe administration (Part 1): A "new constitution" filled with contradictions

ASAHI (Page 1) (Abridged)
September 22, 2006

"Now is the time to end the murky and unstable system that has enveloped Japan throughout the postwar period and make clear Japan's autonomy."

This is a passage from the preamble to Redefining Japan for the 21st Century, a set of proposals by the Institute for International Policy Studies chaired by former Prime Minister Yasuhiro Nakasone. The proposals were released on Sept. 5, days before the LDP publicly announced the official start of its presidential race.

Nakasone calls for an end to the postwar setup. Shinzo Abe, who will soon become prime minister, advocates a new constitution. Their

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views are extremely similar.

Abe called on Nakasone yesterday as the new LDP president. Receiving Abe, Nakasone said: "Your campaign pledges and statements seem close to my neoconservative liberalism. I'm counting on you."

Both Nakasone and Abe are unhappy with the Constitution that was established during the Occupation and with the postwar regime.

"At long last, I can speak my mind," Abe said six years ago before the Lower House Research Commission on the Constitution, which had just been established. Abe's real feeling is that the Constitution was forced upon Japan and that it has had an adverse effect on the mentality of the Japanese people.

Constitutional revision is described in Abe's recent book as a symbol of the restoration of independence. Abe thinks that love of the nation and homeland has been given short shrift because

constitutional revision has been put off.

Social Democratic Party head Mizuho Fukushima called the urge to revise the Constitution a negative reaction to postwar democracy.

Abe must have been frustrated with the over five years of constitutional debate under the Koizumi administration.

The prevalent opinion in the Lower House constitutional commission was that the government must not play up the idea that the Constitution was forced upon Japan. In contrast, the Upper House panel was generally appreciative of the Constitution for its positive contributions to Japan after the war.

Last fall, the LDP drafted a new constitution that generally reconfirms the present Constitution.

Sixty years is a long time. Supporters of the current Constitution are a minority today. The focus of debate has also shifted from the propriety of revising the Constitution to how it should be revised specifically. The notion that the Constitution was forced upon Japan has also lost its momentum as a rationale.

All those developments have enlivened Abe.

Difficulties remain, though. Opponents of constitutional revision say that it would result in structural paradoxes. Former LDP Secretary General Koichi Kato took this view: "Mr. Abe doesn't like

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the Constitution that was forced upon Japan by the United States, but he is eager to enhance the Japan-US security setup. It's like turning on the air-conditioner and the heater at the same time."

Abe has many sides when it comes to matters involving the United State, including the question of acknowledging the legitimacy of the International Military Tribunal for the Far East.

Abe, who wants to establish a firm Japanese identity, also eyes transforming Japan into a country that is generous and open to all people in the world. Is Abe a one-dimensional nationalist or a well-rounded statesman? He will soon face mounting challenges and demonstrate his true nature.

(7) Abe to start picking successors to private-sector members of Regulatory Reform Council, CEFP; Selection of new line-ups will likely determine fate of reform drive

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NIHON KEIZAI (Page 5) (Slightly abridged)
September 22, 2006

With the inauguration of the new Shinzo Abe administration close at hand on Sept. 26, moves to pick private-sector members for government organizations that will play a central role in promoting reform drive are underway. Private-sector members of the Council on Economic and Fiscal Policy (CEFP), including Masaaki Homma, a professor at Osaka University, and Yoshihiko Miyauchi, chairman of Orix, who has headed the Regulatory Reform and Privatization Council, will resign en masse following the changeover of government. The new line-ups of these panels will likely affect the future course of economic policy the new administration will launch.

The Koizumi administration, inaugurated in April 2001, shifted away from the hitherto demand-focused policy, including fiscal disbursements. It has concentrated on reform of the supply side, such as spending cuts and deregulation. This was an area where reform efforts were bound to meet strong opposition from politicians, who want to funnel fiscal funds to their home constituencies, and bureaucrats, who want to maintain authority. In this reform process, private citizens, starting with then State Minister in charge of Economic and Fiscal Policy Heizo Takenaka (now internal affairs and communications minister), a former professor at Keio University, have increased their presence.

Miyauchi is a man of the economy who has expended his effort to ease regulations from the early stage of the reform drive in the 1990s. He has actively proposed scrapping or easing regulations in areas where reforms were bound to incur opposition from politicians and bureaucrats. He has contributed to the introduction of a cell phone unit sale system and a partial lifting of a ban on a mixed medical services system - treatment under the medical insurance system and treatment without such. The Cabinet Office has calculated that regulatory reform since the 1990s has produced effects worth 14 trillion yen a year.

The private-sector members of the CEFP, which came into the public limelight under the Koizumi administration, have increased their presence because they have reformed business sectors regardless of strong opposition from Diet policy cliques and bureaucrats. Private-sector members successively proposed reform plans for financial services, social security, postal privatization and administrative reform. They have contributed to accelerating the reform drive by directly obtaining instructions from Prime Minister Koizumi.

Abe will likely appoint private-sector personnel shortly after his election as prime minister on the 26th and the selection of a cabinet lineup. The name of Takao Kusakari, chairman of Nippon Yusen K.K., has been floated as a successor to the chairman of the Regulatory Reform Council. He is in charge of regulatory reform as a representative of the Japan Business Federation (Nippon Keidanren). He is a type of person who attaches importance to reason. The Regulatory Reform Council will likely continue to be active. Regarding private-sector members of the CEFP, apart from Fujio Mitarai, chairman of Nippon Keidanren, one will be picked from among business leaders and two from academia. Jiro Ushio, chairman of Ushio Inc., who is to step down as a private-sector member of the CEFP, noted: "Only 20 percent of the deregulatory program has been achieved. Since fiscal disbursements are difficult, it is essential

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to again reinforce deregulatory efforts in order to boost growth."

Homma states: "Efforts to take a second look at the bureaucrat-led policymaking process in line with the actual state of the economy, such as a drop in the population, have just begun. If the nation enters a stable phase, it will be possible to introduce a system under which politicians and bureaucrats alone are responsible for setting policy. It will take 20 years or so until such an era comes."

To what degree the new government will use administrative organs, the engine to propel reform, and the selection of the new lineups for those panels will likely become the best yardstick in measuring the Abe administration's eagerness to reform.

"40 percent of the regulatory reform program has been achieved," says Miyauchi

Responding to an interview with the Nihon Keizai Shimbun, Miyauchi (71) yesterday evening said, "It is only natural for me to quit, because Prime Minister Junichiro Koizumi, who has backed our activities, will step down." Commenting on the progress of regulatory reform, he said, "We have achieved 40 percent of the goals." He also encouraged members of the successor panel, which is to be launched next spring, saying, "I want them to do their utmost without being discouraged by criticism."

-- What made you decide to step down?

"I have led the panel for more than a decade. We have met resistance from various circles, but in the latter half of that time we have managed to deal with very difficult issues thanks to strong backing from the prime minister. I thought that since the prime minister will step down, it would be only natural for me to quit as well.

"I wouldn't have remained in the post if it had not been for Prime Minister Koizumi. Since there are many issues to be handled regarding regulatory reform and privatization, such issues should be

tackled like in a relay race. Energy from the private sector cannot be created unless we continue this work by leaving the task to our successors."

-- How do you view the results of regulatory reform?

"Our job in the first half of the process was to remove from the private sector regulations with a strong control flavor and shift to a market economy. I believe these efforts have bolstered the Japanese economy."

"In the second half of the process, the focus of our efforts shifted to reform of the non-private sector. Each issue was hard to tackle. Summarizing the whole process, 40 percent of the regulatory reform plan has been achieved. I hope my successor will do his utmost with a sense of responsibility and lofty aspirations without being discouraged by critics."

-- Some have voiced criticism that Orix is making profit from the regulatory reform program. What is your view on that?

"I do not understand such criticism. Regulatory reform is to remove vested rights and interests and create a fair society to which anybody can have access. Such criticism has nothing to do with my resignation."

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SCHIEFFER